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# MR. WILSON'S CABINET

BY JAMES C. HEMPHILL

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It is the easiest thing in the world to find fault. It is the hardest thing in the world to do justice. It follows, therefore, that since the Democratic accession the heathen, who are always raging about something or other, have fairly revelled in their interpretation of men and events at Washington, and not unnaturally have focussed much of their curiosity upon the members of the President's Cabinet—why did he choose these ten men out of the 47,000,000 males in the United States? Of the six million men who voted for him, it is probable that not one in ten ever heard of any of them except Mr. Bryan. That explains, possibly, why Mr. Bryan was Premier—everybody had heard of him and most of the people in the United States had voted against him three times. The rest of the President's official family were unknown in a big political way, and that is probably one of the reasons they were selected. It does not matter very much why they were chosen—the question in which the people are most interested is how they have justified the President for their selection and the Senate for their confirmation. Taking them by and large, and man for man, and service for service, they do not suffer by comparison with their predecessors in office.

It is too early to pass judgment on Attorney-General Gregory, who has not yet quite passed from the pin feather state; nor is it necessary to describe Secretary of Commerce Redfield, who was once a member of Congress from Brooklyn. That is enough to place him. No public officer was ever better fitted for his position than David F. Houston, the Secretary of Agriculture, and, compared with Ballinger and Fisher and Garfield and Hitchcock, Franklin K. Lane, Secretary of the Interior, shines like the morning star. What the Secretary of Labor, William Bauchop Wilson, will make out of his Department, remains to be seen. There is no question as to his honest in-

tentions and his industry; possibly he is too much of the partisan to be entirely just in his judgments.

The members of the Cabinet who have attracted most attention are Bryan, McAdoo, Garrison, Daniels, and Burleson. Of these, Bryan and Daniels have been under fire from the first day they were named for their respective places, and the remarks that have been made about them have been for the greater part wholly uncanonical. Mr. Bryan was most useful to the President and the country in holding his tremendous personal following true to the Administration. What he will do now that he is out of the Cabinet will not very much matter to the President, who has accomplished largely the purposes for which he was elected. What will become of Mr. Bryan does not matter either. His only chance seems to be sincere work with the Democratic party under the leadership of Wilson.

Then there is Josephus Daniels, Secretary of the Navy, who was born in North Carolina, and upon whom a great deal of very good powder has been wasted. Washington official life is not wholly unknown to him, as he was chief of a division in the Interior Department under Mr. Cleveland. He has also been the National Democratic Committeeman from his State for twenty years. In the last Presidential campaign he was at the head of the Democratic literary bureau and is, besides, editor of one of the principal newspapers in North Carolina. If any explanation were needed, these few facts will probably account for his selection; these facts, and the additional and very important one that his services have been entirely satisfactory to the President. One difficulty that he has not been able to overcome and will never be able to overcome is that he does not belong to the so-called "official class"; and for the reason that he has not been acceptable to the cabals and cliques which have heretofore regarded the Navy as a sort of individual affair, and for the additional reason that he has violated some of the conventions, he has been the target for a well-sustained fire during the whole of his official career.

He has been much criticised for the condition of the Navy in the matter of ships and munitions and personnel; but he had to take the Navy as it was, and many of its defects to-day are those of past administrations.

Mr. Daniels has "done things." He has displaced some bureau heads of admitted ability and large experience, but he has substituted for them other officers of the Navy of equal force, so that his personal staff is as well qualified to deal with

the many complex and difficult problems of the United States afloat as the staff of any previous Secretary of the Navy. That the Navy is short in submarines, in fast cruisers, in battleships, in heavy armament, is not his fault. He did not organize the "plucking board." The submarine that was lost at Honolulu with its crew was not built during his administration of the Department. The submarines that failed in the recent maneuvers were inherited by him with all their defects. The order issued by him changing "port" to "right" and "star-board" to "left" was issued upon the recommendation of the General Board, composed of experienced officers of the service. The office of Chief of Naval Operations created by Act of the last Congress upon his recommendation has been filled by the appointment of William S. Benson, one of the ablest officers in the service, and will be administered under regulations drawn by the bureau of chiefs of the line and staff. The placing of the submarine service under the command of an accomplished officer is a step towards securing the perfection of this branch of the service. The organization of a mine-laying and mine-sweeping division of the Navy which will be placed under an officer of high rank—a Senior Captain—will assure better protection to the ships at sea in case of war. The equipment of a division of sea-going tugs and a division of torpedo boats with mine-sweeping gear will further contribute to the safety of the ships of the Navy at sea.

On the recommendation of Mr. Daniels, the last Congress made provision for the construction of twenty-six submarines, three of them to be of the sea-going type, at a cost of \$16,260,000. It also made provision, upon his recommendation, for the building of five dreadnoughts at a cost of \$14,000,000 each, or a total of \$42,000,000, and provided for the creation of a Naval Reserve, which will be of immense value to the country in the event of war. Congress has authorized the re-establishment of the grades of Admiral and Vice-Admiral, so that with three Admirals and three Vice-Admirals the American Navy will no longer be outranked by officers of other nations having smaller navies. Under the administration of Mr. Daniels the Department now has 31 mines for every 9 it had two years ago, an increase of 244 per cent in this stock, and these mines have been manufactured at a Government station at a saving in cost of \$178,750. The stock of torpedoes for the use of the Navy has been increased 90 per cent within the same period. The cost of manufacturing powder by the factory at Indian

Head has been reduced 2.7 cents per pound, at a saving to the Government of \$150,000. In the building of the dreadnought *Arizona* a saving of \$3,000,000 has been effected by securing real competition among the manufacturers of armor.

For the first time in years the Department has a waiting list in recruiting; 5,824 men have been added to the enlistment in the Navy, which has enabled the full commission of 20 submarines, 4 battleships, 4 destroyers, 6 gunboats, 6 cruisers and 3 monitors, and increased the number of vessels in commission 41 since March 4, 1913. There are now in active service in the Navy 225 vessels of all classes and 101 vessels in reserve, and there are under construction and authorized 77 vessels—9 dreadnoughts, 23 destroyers, 38 submarines and 7 auxiliaries. All these things show that Secretary Daniels must have been a very busy man, and that in some respects at least he must have been misjudged by those who do not like him for any reason or who have been misinformed as to his official acts.

When the President was making up his Cabinet he offered the War portfolio to A. Mitchell Palmer, of Pennsylvania; but Mr. Palmer is a Quaker and does not want to fight. Neither does Lindley M. Garrison, who is a far better man in every way for this office than Palmer; but if he has to, he will have the men and guns and money when the time comes, or Congress will utterly fail in its duty to the country and to humanity. Mr. Garrison did not want to be Secretary of War. He was a Judge on the Bench in New Jersey, and fixed for life. The War office had no special attraction for him; but when he was told by the President that he wanted him, he responded, and it is a lucky thing for the President and the country that he is now at the head of the military establishment of the United States. Everybody likes him; everybody trusts him. His kindness, his uniform courtesy, his geniality, his consideration for the comfort and feelings of his subordinates, have endeared him to all who are serving under him in the Department as well as the rank and file of the Army.

Mr. Garrison's administration of the War Department has been distinguished by justice, hard work, common sense, and courage. For the first time in the history of the Department the Secretary of War has no favorites.

One who is unfamiliar with military administration cannot appreciate the baneful effect of political and personal favoritism operating on the Army—nepotism in the shape of unjustified promotion of the relatives of men powerful in Congress, the

squandering of money for Army posts in the most ill-adapted places, the pulling and hauling of politicians to secure details, favors, appointments and promotions for their proteges. All these things have been eliminated by Mr. Garrison, and by very simple means. Every time a representation was made by any one seeking preferment for any officer of the Army, the matter was called to the attention of the office concerned to avow or disavow any knowledge of or connection with the representations made in his behalf. If the officer were guilty of any complicity, *ipse facto* he became ineligible for the preferment or promotion sought. The public or private individuals who made the representations were politely informed that military preferment must be for military reasons, and that the injection of personal, social, or political influence from the outside was not desired and would only result in injury to the person in whose behalf the pressure was applied. Within the Army itself steps were taken to break up any possible influence of clique or faction. The use of places of power for the unjust reward of friends or punishment of enemies was made practically impossible. Any officer approaching a brother officer of special power to gain his influence for a desired billet on personal grounds was put in the position of committing a breach of discipline.

On the other hand, these restrictive measures have been supplemented by regulations permitting the freest expression through military channels of the personal desires of officers for special details and assignments, and, so far as these personal wishes are consistent with the interests of the service, they are complied with.

On the constructive side, Mr. Garrison framed the Act for the government of the Panama Canal. His was the creative mind behind the water power legislation now before Congress. He supported the new organic Act for Porto Rico and took an influential part in the discussion for Philippine legislation. He presented to the last Congress conservative and constructive measures for the increase and improvement of the military establishment, urging them on the ground that they were the steps which should be taken in any circumstances, as they would fit in with any wise and adequate military policy that might be formulated and adopted at a later time after careful and prolonged study. These measures provided for the expansion of the Army to its maximum size by the addition of 25,000 men, the strengthening of the weak places in the coast

defenses, the addition of 1,000 officers to the Army for the purpose of adequately instructing the National Guard, and other purposes, the creation of an officers' reserve corps to prepare for manning volunteer armies in time of war, and the creation of a motor transportation reserve for war purposes—the need of which has been conclusively demonstrated by the present war. Congress did not see fit to pass any of the bills introduced at the instance of the Secretary; but that was the fault of Congress. Carrying out the implied promise contained in his annual report, that comprehensive and constructive study of the military needs and policy of the country was necessary, the Secretary has concentrated all the energies of the War College and General Staff and War Department and the General officers of the Army, wherever stationed, on the problem of working out a military policy for the Nation which is at once adequate from a military viewpoint and consistent with the democratic ideals of the country. It is expected that the result of all this effort will be the adoption of a military policy distinctive for its inherent virtue, its adequacy and common sense.

The fiscal affairs of the Government have been conducted for many years on what is called "the independent treasury system," with very slight modifications. Under this system the revenues of the Government were collected and deposited in the Treasury until needed to meet appropriations. After the establishment of the National Banking System the Secretary of the Treasury was authorized to use National Banks as depositories, provided that such deposits as he might make were secured by "United States Government bonds and otherwise." The supply of Government bonds available for this purpose is limited, and they are so held that it is not always easy for a bank desiring to secure such deposits to obtain the bonds except at a premium. It followed that however willing the Secretary of the Treasury may have been, in times of financial stress, to deposit in National banks a part of the usually large amount of idle funds in the Treasury, the requirement that such deposits must be secured by United States bonds proved a stumbling block. In 1907 Mr. Cortelyou had difficulty with this rule, which he obviated in a measure by offering to sell certain Panama Canal bonds and to accept them as security for the deposit of Government funds. The weak point in this makeshift was the fact that if the banks had had the money to buy the Panama bonds they would not have needed the Government deposits. The same conditions that confronted Mr. Cortelyou in 1907

confronted Secretary McAdoo in 1913, and while the panic in 1907 was distinctively a bankers' panic, occurring as it did when conditions in the country were much better than in 1913, a panic was avoided in 1913 by prompt and efficient action of the Secretary of the Treasury. In 1907 the banks throughout the country practically suspended specie payments and went on the clearing house basis. The McAdoo plan was a better plan. It was simple and effective. The statute provides that deposits of Government funds made by the Treasury may be secured by "United States Government bonds *and otherwise.*" Mr. McAdoo simply had the temerity to give the term, "and otherwise," its ordinary common sense meaning, and accepted as security liquid commercial paper under an arrangement that safeguarded in every possible way the interest of the Government. He deposited thirty-five or forty million dollars in the banks when it was needed to move the crops, and averted what would have been a serious panic, incidentally earning several hundred thousand dollars for the Government by using otherwise idle funds.

Having saved this situation, Secretary McAdoo devoted all his energies to the passage of the Federal Reserve Act, working continuously and faithfully with the Committees of the House and Senate and the Conference Committee. The passage of this Act and the workable features of it were due more, perhaps, to his aggressive work than to any other person directly interested in the legislation. Anticipating the delicate situation in the banking world while this great constructive work was under way, and realizing that in the natural course of events some time would be required to put the new system into operation, the Secretary secured the extension of the Aldrich-Vreeland Act, with amendments designed to make it workable. Before the passage of the Federal Reserve Act, no bank could take out additional circulating notes on the security of commercial paper under the Aldrich-Vreeland Act unless it had outstanding circulation equal to 40 per cent of its capital stock. The interest charged increased each month at so rapid a rate that no bank could afford to take out this circulation unless it was prepared to retire it in a very short time. As a result, no bank had ever availed itself of the benefits of this Act, and \$5,000,000 additional currency, prepared just after the passage of the Act in 1908, lay idle in the Treasury. Mr. McAdoo obtained an amendment to the Act decreasing the rate of interest, and authorizing him as Secretary to suspend the provision that



banks must have outstanding circulation equal to 40 per cent of their capital stock as a condition of issuing Aldrich-Vreeland currency. The wisdom of this action was apparent in 1914, when a panic was threatened. Acting within his discretion, and as the McAdoo amendment authorized, the Secretary promptly suspended the 40 per cent provision and made about \$300,000,000 in Aldrich-Vreeland currency available for the business of the country, and in addition deposited Government funds in the National banks on security of commercial paper.

When a run had started on the United States Trust Company in Washington, an institution in which 55,000 depositors were interested, the Secretary again nipped another threatened panic in the bud by placing a million dollars of Government funds in the National banks of Washington on the security of commercial paper, and thus averted a local disaster which might very well, in a disturbed financial situation, have spread into a general catastrophe.

Mr. McAdoo found that National banks were paying interest on dormant accounts; but that many millions of dollars in National banks all over the country were drawing no interest. At the risk of making himself generally unpopular with the banks, he required all banks to pay interest at 2 per cent on average balances of active accounts, and thus increased the revenues of the Government by two or three million dollars.

When the trade balance of the United States with Europe was from three to five hundred millions dollars against us, Mr. McAdoo raised a fund of \$100,000,000 in gold for deposit in an English bank in Montreal, and by this act effectively checked the exportation of gold to Europe. When the war in Europe began and the cotton growers of the South were face to face with absolute bankruptcy because they could not place their crop, Mr. McAdoo raised a fund of \$150,000,000 in gold known as "The Cotton Loan Fund," and again saved a panic that would have bankrupted the South and impoverished thousands of merchants and other dealers trading with the South.

It was William Learned Marcy, of Massachusetts, then a Senator from New York, who laid down the doctrine 83 years ago that there is "nothing wrong in the rule that to the victors belong the spoils of the enemy," and it was the patron saint of the Democracy, Andrew Jackson, of South Carolina, who made this rule one of the fundamental principles of the party now in power. But the Democrats have found during this Administration that they bore no comparison to the Republicans when

it came to the question of patronage. They found that the offices, and especially the post offices, had been stuffed with Republicans, that there were 482,721 officers and employees in the executive civil service, and that of the 298,456 positions in the Post Office Department, 189,788 were in June, 1914, competitive. In May, 1913, the President ordered that competitive examinations should be held of 21,000 fourth-class postmasters who had not been appointed as a result of competitive examinations, and these examinations were held with varying results. The great mass of incumbents were Republicans and had been appointed for political reasons. It was found that the service had been debauched for political reasons, and the examinations showed that efficiency had been the least of the conditions regarded in the selection of the postmasters. The examination ordered by the President cleared out a large number of incompetents whose only claim was the service they had rendered to their political leaders, and the condition was a hard one for Postmaster General Burleson to meet. He is a partisan, but a fair-minded partisan, and the records show that he has administered his office with but two principal objects in view—efficiency and economy. It is claimed that the postal service was never so extensive and never better administered than it is now, and until the revenues from the service were affected by the war in Europe it was not only self-sustaining but actually profitable to the Government. During the first two years of the Burleson administration, the Department turned into the Treasury about \$7,000,000 actually earned in this service. This was not a matter of book-keeping; the hard cash was paid into the Treasury.

The Post Office Department has been regarded for years as the resort of the spoilsmen, and the members of Congress have directed their dependents to it with utter disregard of the public interests. There has been an improvement in the conditions since Mr. Cleveland attempted to make efficiency the test of service, and gradually, under succeeding Presidents, the classified service has been extended, until now there are only about 100,000 places in the postal service that are left for political uses—that is to say, if the civil service laws are faithfully executed. Mr. Burleson found that these laws had not been faithfully observed and that the post offices had been used as spoils to a most degrading extent. For example, he found that there were 395 post office inspectors,—who are the eyes and ears of the Postmaster General,—and that only 39 of these

inspectors were Democrats. He would not change the status without cause, but by a gradual elimination of the undesirables and incompetents he determined that there should be a fairer division between the two great parties of these and similar places, subject to a true interpretation of the civil service laws regulating the conduct of the public service. He has managed his office so fairly as to have escaped the condemnation of the civil service reformers; indeed, he has won their approval for the fair-minded way in which he has exercised his authority. He has gone much further than any of his predecessors, and has endeavored to extend the civil service. In recommendations to Congress he urged that the third and second class postmasters be placed in the competitive system, so that only the first-class postmasters (of whom there are few) should be in the Presidential class. Economy and efficiency are Mr. Burleson's chief aims. He recommended to Congress a plan of saving \$12,000,000 in the cost of the rural postal service without affecting its efficiency, but his recommendation was rejected, and instead of helping him to save \$12,000,000 the Congress actually piled on another \$4,000,000, making the total waste of the public funds \$16,000,000.

It is too early to make any predictions as to the final success of the Administration—so many things can happen in politics; but Mr. Wilson, considering the material he had to work with in Congress and in his party, has wrought miracles. Much of his success has been due to the faithful work of the men he gathered about him in his Cabinet.

JAMES C. HEMPHILL.